

**FLORENCE - DARLINGTON TECHNICAL COLLEGE**

**FLORENCE, SOUTH CAROLINA**

**INDEPENDENT AUDITOR'S REPORT**

**FINANCIAL STATEMENTS AND SCHEDULES**

**FOR THE YEAR ENDED JUNE 30, 2012**

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

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**Florence-Darlington Technical College  
Florence, South Carolina**

**Organizational Data  
June 30, 2012**

**AREA COMMISSION MEMBERS AND OFFICERS**

Alvin Heatley, Chairperson, Darlington County  
Hood Temple, Vice-Chairperson, Florence County  
Chip Auman, Secretary, Darlington County  
Willie E. Boyd, Member, Darlington County  
Brian Newman, Member, Florence County  
Alvin DeWitt, Member, Darlington County  
D. Lee Daughtery, Member, Florence County  
Missy Jay, Member, Florence County  
Annie L. Jett, Member, Darlington County  
Charlene G. Lowery, Member, Florence County

**ADMINISTRATIVE STAFF**

Dr. Charles W. Gould, President  
J. Timothy O'Dell, Vice-President for Business Affairs

Florence-Darlington counties contribute financially to the operations of the College.

**AREA SERVED BY COLLEGE**

Darlington County  
Florence County  
Marion County



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## INDEPENDENT AUDITOR'S REPORT

Florence - Darlington County Commission for Technical Education  
Florence - Darlington Technical College  
Florence, South Carolina

We have audited the accompanying financial statements of Florence - Darlington Technical College, a member institution of the South Carolina Technical College System, as of and for the years ended June 30, 2012, and June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audits. We did not audit the financial statements of Florence-Darlington Technical College Foundation, Inc., which represents 100 percent of the discretely presented component unit presented in the financial statements. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements insofar as it relates to the amounts included for Florence-Darlington Technical College Foundation, Inc. as a discretely presented component unit, is based solely on the report of other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of Florence - Darlington Technical College, as of June 30, 2012 and June 30, 2011, and the respective changes in financial position and cash flows of its business type activity for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 2012 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in accessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Florence - Darlington Technical College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Florence - Darlington Technical College. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our report and the report of other auditors, the information is fairly stated in all material respects, in relation to the financial statements taken as a whole.

*Harper, Poston & Moree, P.A.*

Harper, Poston & Moree, P.A.  
Certified Public Accountants

Georgetown, South Carolina  
September 28, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



*Growing the economy . . . one graduate at a time.*

### **Management's Discussion and Analysis**

The management of Florence-Darlington Technical College offers readers of the College's financial statements this narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2012, and provides a comparison with the prior fiscal year ended June 30, 2011. This discussion should be read in conjunction with the financial statements and the notes thereto, which follow this section.

#### **2012 Financial Highlights**

- The assets of Florence-Darlington Technical College exceeded its liabilities at June 30, 2012, by \$45,515,808 (net assets). Of this amount, \$10,512,495 (unrestricted net assets) may be used to meet the College's ongoing obligations.
- The College's net assets increased by \$4,322,670 or 10.5%, primarily due to an increase in Auxiliary revenue and state and federal capital funds.
- The College experienced an operating loss of \$32,016,289 as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. However, this operating loss was offset by State appropriations of \$7,076,873, local appropriations of \$4,885,289, Federal grants and contracts of \$22,487,136 and other nonoperating revenues.

#### **Overview of the Financial Statements**

The College is engaged only in Business-Type Activities (BTA) that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

The Statement of Net Assets presents the financial position of the College at the end of the fiscal year and classifies assets and liabilities into current and noncurrent. The difference between total assets and total liabilities is net assets, which are displayed in three broad categories: invested in capital assets (net of related debt), restricted and unrestricted. Net assets is one indicator of the current financial condition of the College, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses and Changes in Net Assets is basically a statement of net income that replaces the fund perspective with the entity-wide perspective. Revenues and expenses are categorized by operating and nonoperating, and expenses are reported by object type.

The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, capital and related financing, noncapital financing, and investing activities. This statement also emphasizes the College's dependence on State and county appropriations by separating them from operating cash flows.

A comparative analysis of data is presented in the following sections.

### Financial Analysis

Net assets may serve over time as a useful indicator of an entity's financial position. The largest portion of the College's net assets (61%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Sixteen percent of the College's net assets represent resources that are subject to external restrictions on how they may be used. Unrestricted net assets of \$10,512,495 (23%) may be used to meet the College's ongoing obligations.

This schedule is prepared from the College's Statements of Net Assets as of June 30, 2012 and 2011 which is presented on an accrual basis of accounting where by assets are capitalized and depreciated (in millions):

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Current assets	\$15.47	\$14.71	\$ .76
Non current assets			
Capital assets, net	48.30	45.96	2.34
Other	<u>7.87</u>	<u>6.52</u>	<u>1.35</u>
Total assets	<u>\$71.64</u>	<u>\$67.19</u>	<u>\$ 4.45</u>
Current liabilities	\$ 4.88	\$ 4.31	\$ .57
Non current liabilities	<u>21.25</u>	<u>21.69</u>	<u>(.44)</u>
Total liabilities	26.13	26.00	.13
Net assets			
Investment in capital assets	27.83	25.28	2.55
Restricted: expendable	7.17	5.79	1.38
Unrestricted	<u>10.51</u>	<u>10.12</u>	<u>.39</u>
Total liabilities and net assets	<u>\$71.64</u>	<u>\$67.19</u>	<u>\$ 4.45</u>

The following schedule summarizes the operating results for the two fiscal years (in millions):

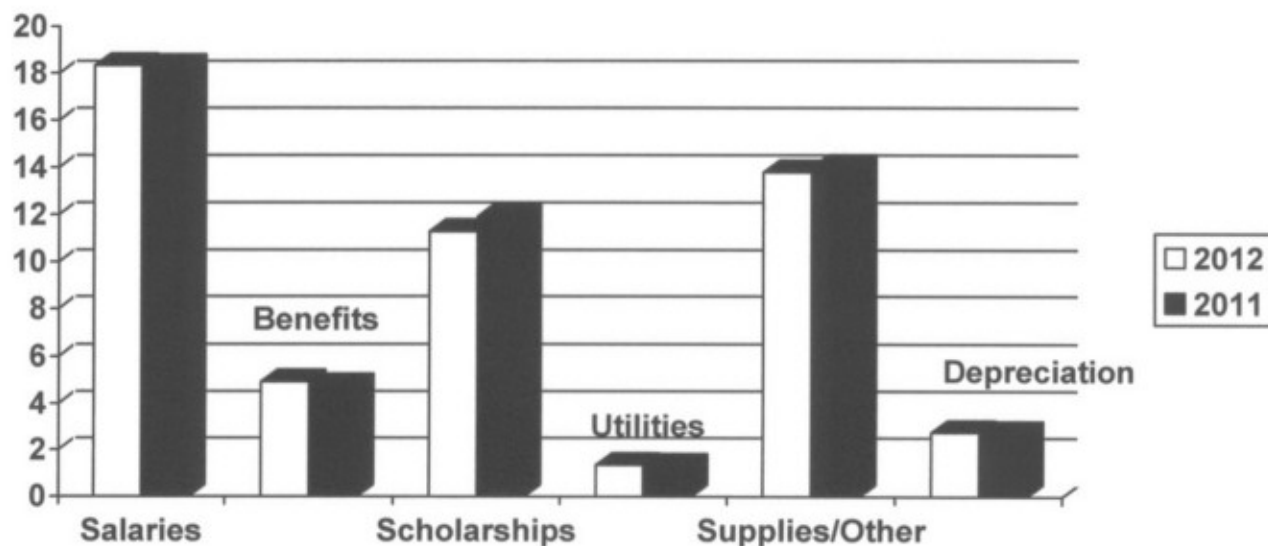
	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Operating Revenue			
Tuition and fees	\$11.85	\$12.26	\$(.41)
Grants and contracts	5.58	6.03	(.45)
Auxiliary	2.88	2.20	.68
Other	<u>.08</u>	<u>.09</u>	<u>(.01)</u>
Total operating revenue	20.39	20.58	(.19)
Less operating expenses	<u>52.41</u>	<u>52.97</u>	<u>(.56)</u>
Net operating loss	(32.02)	(32.39)	.37
Non operating revenue and expenses			
State and county appropriations	11.96	11.70	.26
Other	<u>24.38</u>	<u>24.03</u>	<u>.35</u>
Increase (Decrease) in net assets	4.32	3.34	.98
Net assets, beginning of year	<u>41.19</u>	<u>37.85</u>	
Net assets, end of year	<u>\$45.51</u>	<u>\$41.19</u>	

As a result of the adoption of GASB Statements No. 34 and 35, changes in accounting principles have required a change in the recording of certain revenues and expenses (i.e., summer tuition revenue, scholarship allowances, interdepartmental bookstore charges, indirect costs, capital equipment expenditures and depreciation). A large portion of the revenue included in the Other Non operating revenue category represents student financial assistance, which is used to pay tuition, fees and bookstore charges for students



to attend the College. An approximation of tuition, fees and bookstore charges paid from this source of funds has been recognized as a reduction of tuition and fees and auxiliary revenue in the form of scholarship allowances, in order to eliminate duplication of revenues.

Note 18 of the accompanying notes to the financial statements identifies operating expenses by their functional classifications. The following graph illustrates the natural class categories of the operating expenses from the condensed operating results above (in millions).



The schedule below summarizes the cash flows for the fiscal years ended June 30, 2012 and 2011 for the College (in millions).

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Cash provided (used) by			
Operating activities	\$(29.83)	\$(30.86)	\$ 1.03
Noncapital financing activities	35.12	36.65	(1.53)
Capital and related financing	(5.47)	(2.85)	(2.62)
Investing activities	.04	.04	(.00)
Net (decrease) increase in cash	\$ (.14)	\$ 2.98	\$ (3.12)

Cash used for operating activities (tuition and fees, grants and contracts and auxiliary enterprise charges less payments to employees and vendors) is offset by cash provided from noncapital financing activities which includes state and local appropriations and federal student aid. Payments on debt and purchases of capital assets are included in the capital and related financing category.

### Capital asset and debt administration

The Manufacturing Incubator project which is Phase II of the Southeastern Institute of Manufacturing and Technology (SiMT) began construction during fiscal year 2011. The College will fund the project with a combination of state and federal funding, foundation support and local funds. Phase II will also be located behind our main campus and will be a major asset to the College and to the economic development of Florence and Darlington counties.

<u>Long-term debt</u>	<u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>
Revenue bonds and premium	\$20,681,637	\$ 0	\$ 717,409	\$19,964,228
Capital lease	0	775,018	265,341	509,677
Total long-term debt	<u>\$20,681,637</u>	<u>\$775,018</u>	<u>\$ 982,750</u>	<u>\$20,473,905</u>

<u>Capital assets</u>	<u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>
Land and improvements	\$ 1,910,053	\$ 0	\$ 0	\$ 1,910,053
Construction in progress	231,303	3,788,479	0	4,019,782
Buildings and improvements	59,503,901	0	0	59,503,901
Machinery and vehicles	12,725,785	1,312,572	263,110	13,775,247
Accumulated depreciation	<u>(28,414,078)</u>	<u>(2,757,354)</u>	<u>(263,110)</u>	<u>(30,908,322)</u>
Net capital assets	<u>\$45,956,964</u>	<u>\$ 2,343,697</u>	<u>\$ (0)</u>	<u>\$48,300,661</u>

### Economic factors

The State of South Carolina revenues stabilized in fiscal year 2012 despite a sluggish economy and for fiscal year 2013 the College's state appropriations are expected to increase. The short term revenue associated with State Fiscal Stabilization funds as part of the American Recovery and Reinvestment Act (ARRA) ended September 30, 2011.

The College experienced record *Fall* 2011 enrollment of over 5,900 students for the first time in the College's history. Our enrollment growth performance among peer institutions remains extremely strong. Florence and Darlington Counties have also continued their commitments to the financial support of our facilities.

### Request for information

This financial report is designed to provide a general overview of Florence-Darlington Technical College's finances for all those with an interest in the College's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Florence-Darlington Technical College, P.O. Box 100548, Florence, SC 29502-0548.

## **FINANCIAL STATEMENTS**

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

STATEMENTS OF NET ASSETS  
JUNE 30, 2012 AND JUNE 30, 2011

	2012	2011
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 8,164,105	\$ 9,684,060
Accounts Receivable, Net	6,171,348	4,241,546
Inventories	1,041,062	695,119
Prepaid Expense	98,042	93,699
Total Current Assets	<u>\$ 15,474,557</u>	<u>\$ 14,714,424</u>
Noncurrent Assets		
Restricted Cash and Cash Equivalents	\$ 7,176,557	\$ 5,794,862
Loans Receivable, Net	412,847	433,413
Bond Issuance Costs	275,143	290,718
Capital Assets, Net of Accumulated Depreciation	48,300,661	45,956,964
Total Noncurrent Assets	<u>\$ 56,165,208</u>	<u>\$ 52,475,957</u>
Total Assets	<u>\$ 71,639,765</u>	<u>\$ 67,190,381</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 717,311	\$ 1,219,958
Accrued Payroll and Related Liabilities	263,197	100,197
Interest Payable	321,175	315,081
Compensated Absences Payable	72,077	104,403
Deferred Revenue	2,379,643	1,755,889
Funds Held for Others	165,237	127,126
Revenue Bond and Capital Lease Payable - Current Portion	965,740	690,000
Total Current Liabilities	<u>\$ 4,884,380</u>	<u>\$ 4,312,654</u>
Noncurrent Liabilities		
Compensated Absences Payable	\$ 1,311,764	\$ 1,273,304
Perkins Loan Program - Federal Liability	419,648	419,648
Revenue Bond and Capital Lease Payable - Long Term Portion	19,508,165	19,991,637
Total Noncurrent Liabilities	<u>\$ 21,239,577</u>	<u>\$ 21,684,589</u>
Total Liabilities	<u>\$ 26,123,957</u>	<u>\$ 25,997,243</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 27,826,756	\$ 25,275,327
Restricted for		
Expendable		
Loans	20,814	15,158
Debt Service	7,155,743	5,779,704
Unrestricted	10,512,495	10,122,949
Total Net Assets	<u>\$ 45,515,808</u>	<u>\$ 41,193,138</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

<b>REVENUES</b>	<u>2012</u>	<u>2011</u>
Operating Revenues		
Student Tuition & Fees (Net of Scholarship Allowance of \$9,864,552 For 2012 and \$9,617,806 for 2011)	\$ 8,928,767	\$ 9,267,900
Student Tuition & Fees (Pledged as Security for Revenue Notes)	2,926,067	2,994,299
Federal Grants and Contracts	2,173,470	2,654,016
State Grants and Contracts	3,408,810	3,374,484
Auxiliary Enterprise Charges (Net of Scholarship Allowance of \$2,060,545 for 2012 and \$2,298,880 for 2011)	2,880,305	2,199,007
Sales and Services of Education Departments	8,938	13,562
Other Operating Income	68,875	77,075
Total Operating Revenue	\$ <u>20,395,232</u>	\$ <u>20,580,343</u>
<b>EXPENSES</b>		
Operating Expenses		
Salaries	\$ 18,317,725	\$ 18,280,055
Benefits	4,906,682	4,739,117
Scholarships	11,284,308	11,901,223
Utilities	1,354,032	1,315,294
Supplies and Other Services	13,791,420	14,006,386
Depreciation	2,757,354	2,732,143
Total Operating Expenses	\$ <u>52,411,521</u>	\$ <u>52,974,218</u>
Operating Income (Loss)	\$ <u>(32,016,289)</u>	\$ <u>(32,393,875)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations (See Note 16)	\$ 7,076,873	\$ 6,708,815
County Appropriations	4,885,289	4,989,787
Investment Income	42,576	39,120
Interest Expense on Capital Asset Related Debt	(953,421)	(967,509)
Federal Grants and Contracts	22,487,136	23,664,094
State Grants and Contracts	114,446	115,112
Private Grants and Support	920,675	902,167
Other Nonoperating Revenues	305,930	386,452
Total Nonoperating Revenues (Expenses)	\$ <u>34,879,504</u>	\$ <u>35,838,038</u>
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	\$ 2,863,215	\$ 3,444,163
State Capital Appropriations	\$ 155,987	\$ 0
Federal Capital Grants	1,435,687	0
Paid to Other State Agencies	<u>(132,219)</u>	<u>(101,880)</u>
Increase (Decrease) in Net Assets	\$ 4,322,670	\$ 3,342,283
Net Assets - Beginning of Year	\$ <u>41,193,138</u>	\$ <u>37,850,855</u>
Net Assets - End of Year	\$ <u><u>45,515,808</u></u>	\$ <u><u>41,193,138</u></u>

The Accompanying Notes are an Integral Part of this Statement

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees (Net of Scholarship Allowances)	\$ 11,808,396	\$ 12,318,679
Federal, State and Local Grants and Contracts	6,109,310	4,968,438
Auxiliary Enterprise Charges (Net of Scholarship Allowances)	2,495,793	1,919,325
Sales and Services of Education Departments	8,938	13,562
Other Receipts	68,875	77,075
Student Loans Proceeds	17,152,692	11,237,470
Student Loan Disbursements	(17,152,692)	(11,237,470)
Payments to Vendors	(32,006,697)	(31,858,243)
Payments to Employees	(18,311,591)	(18,295,638)
Net Cash Provided (Used) by Operating Activities	\$ (29,826,976)	\$ (30,856,802)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	\$ 7,047,221	\$ 6,825,830
County Appropriations	4,313,421	5,097,134
State, Local and Federal Grants, Gifts and Contracts - Nonoperating	23,761,235	24,730,294
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 35,121,877	\$ 36,653,258
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State Capital Appropriations	\$ 752,964	\$ 0
Principal Payment on Notes Payable	(955,341)	(877,997)
Interest Paid on Notes Payable and Capital Leases	(947,327)	(980,908)
Purchase of Capital Assets	(4,326,033)	(994,270)
Proceeds from Short Term Note Payable	0	42,183
Principal Payment on Short Term Not Payable	0	(42,183)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (5,475,737)	\$ (2,853,175)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	\$ 42,576	\$ 39,120
Net Cash Provided (Used) by Investing Activities	\$ 42,576	\$ 39,120
Net Increase (Decrease) in Cash	\$ (138,260)	\$ 2,982,401
Cash - Beginning of Year	15,478,922	12,496,521
Cash - End of Year	\$ 15,340,662	\$ 15,478,922

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	<u>2012</u>	<u>2011</u>
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (32,016,289)	\$ (32,393,875)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense	2,745,520	2,720,308
Change in Assets and Liabilities:		
Receivables, Net	42,138	(1,578,381)
Loans Receivable, Net	20,566	(24,814)
Inventories	(345,943)	(270,904)
Deferred Charges and Prepaid Expenses	(4,343)	(11,527)
Accounts Payable & Sales Tax Payable	(502,647)	817,362
Accrued Payroll and Related Liabilities	163,000	(147,971)
Funds Held for Others	38,111	46,222
Compensated Absences	6,134	(15,583)
Deferred Revenue	26,777	2,361
Net Cash Provided (Used) by Operating Activities	\$ <u>(29,826,976)</u>	\$ <u>(30,856,802)</u>

**SUPPLEMENTAL DISCLOSURES**

Noncash Investing & Financing Transactions

Transfer of Capital Assets from Other State Agencies Net of Accumulated Depreciation	\$ 0	\$ 909,766
Equipment Purchased with Capital Lease and Contracts	775,018	0
Amortization of Bond Premium	27,409	27,409
Total Noncash Investing & Financing Transactions	\$ <u>802,427</u>	\$ <u>937,175</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE EDUCATION FOUNDATION, INC.  
FLORENCE, SOUTH CAROLINA  
COMPONENT UNIT  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2012 AND JUNE 30, 2011

	2012	2011
<b>ASSETS</b>		
Cash	\$ 710,596	\$ 962,394
Pledges Receivable	104,801	154,327
Investments	1,622,989	1,521,306
Other Receivables	900	11,863
Prepaid Expenses	18,522	13,253
Capital Assets, Net of Accumulated Depreciation	1,914,345	1,981,045
Total Assets	<u>\$ 4,372,153</u>	<u>\$ 4,644,188</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 3,138	\$ 1,195
Due to Florence - Darlington Technical College	20,535	65,144
Deferred Revenue	200,000	0
Current Portion of Long Term Debt	41,243	39,177
Long Term Debt	1,823,610	1,866,747
Total Liabilities	<u>\$ 2,088,526</u>	<u>\$ 1,972,263</u>
<b>NET ASSETS</b>		
Unrestricted	\$ 30,639	\$ 125,770
Temporarily Restricted	1,688,605	1,972,551
Permanently Restricted	564,383	573,604
Total Net Assets	<u>\$ 2,283,627</u>	<u>\$ 2,671,925</u>
Total Liabilities and Net Assets	<u>\$ 4,372,153</u>	<u>\$ 4,644,188</u>

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	2012	2011
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 464,424	\$ 868,163
Special Events	60,659	37,633
Rental (loss), Net	(62,695)	(52,804)
Marketable Securities Investments (loss) Return	8,962	226,431
Total Support and Revenue	<u>\$ 471,350</u>	<u>\$ 1,079,423</u>
<b>EXPENSES</b>		
Program Expenses	\$ 487,763	\$ 328,988
Scholarships	256,955	167,530
Fund Raising	45	738
Administrative Expenses	114,885	108,397
Total Expenses	<u>\$ 859,648</u>	<u>\$ 605,653</u>
Change in Net Assets	\$ (388,298)	\$ 473,770
Net Assets - Beginning of Year	<u>2,671,925</u>	<u>2,198,155</u>
Net Assets - End of Year	<u>\$ 2,283,627</u>	<u>\$ 2,671,925</u>



## **NOTES TO FINANCIAL STATEMENTS**

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations:** Florence - Darlington Technical College (the "College"), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Florence, Darlington and Marion counties. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the College's service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

**Reporting Entity:** The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Florence-Darlington Technical College, as the primary government, and the accounts of Florence-Darlington Technical College Foundation (the "Foundation"), its component unit. The College is part of the primary government of the State of South Carolina. However, based on the nature and significance of the Foundation's relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 35 member board of the Foundation is a self-perpetuating entity which consists of the president, one member of the area commission and graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. However, significant note disclosures to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

Financial statements for the Foundation can be obtained by mailing a request to Florence-Darlington Technical College Foundation, P.O. Box 100548, Florence, South Carolina, 29501.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial Statements:** The financial statements are presented in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College’s net assets, revenues, expenses, changes in net assets and cash flows that replaces the fund-group perspective previously required.

**Basis of Accounting:** For financial reporting purposes, the College is considered a special purpose government engaged only in business-type activities. Accordingly, the College’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Although the College has the option of applying subsequent private-sector guidance issued after that date, the College has chosen not to do so.

**Cash and Cash Equivalents:** For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the South Carolina State Treasurer’s Office are considered cash equivalents.

**Investments:** Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, “Investment of Funds”. The College has implemented GASB Statement No. 40, *Deposits and Investment Risk Disclosures - an amendment to GASB Statement No. 3*. This statement requires disclosures related to deposits risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The college accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net assets.

**Accounts Receivable:** Accounts receivable consists of tuition and fee charges to students, gift pledges, and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College’s grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

**Inventories:** Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out (“FIFO”) basis.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets:** Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions, renovations, and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles.

**Deferred Revenues and Deposits:** Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**Compensated Absences:** Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of current and long-term liabilities in the statement of net assets and as a component of salary and benefit expenses in the statement of revenues, expenses, and changes in net assets.

**Net Assets:** The College's net assets are classified as follows:

*Invested in capital assets, net of related debt:* This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

*Restricted net assets - expendable:* Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

*Restricted net assets - nonexpendable:* Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Unrestricted net assets:* Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The College policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.

**Income Taxes:** The College is exempt from income taxes under the Internal Revenue Code.

**Classification of Revenues:** The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating revenues:* Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

*Nonoperating revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

**Sales and Services of Educational and Other Activities:** Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The College receives such revenues primarily from the following programs: Dental Hygiene and Cosmetology.

**Auxiliary Enterprises and Internal Service Activities:** Auxiliary enterprise revenues primarily represent revenues generated by the bookstore and food services. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Nonexchange Transactions:** Nonexchange transactions involving financial or capital resources are transactions in which the College either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. The types of nonexchange transactions the College engages in include “Voluntary nonexchange transactions” (certain grants and donations), and “Imposed nonexchange transactions” (fines and penalties), and “Government-mandated nonexchange transactions.”

Voluntary nonexchange transactions usually involve eligibility requirements that must be met before transactions are recognized. The eligibility requirements can include one or more of the following:

- a. The recipient has the characteristics specified by the provider.
- b. Time requirements specified by the provider have been met.
- c. The provider offers resources on a reimbursement basis and allowable costs have been incurred under the allowable program.
- d. The provider’s offer of resources is contingent upon a specified action of the recipient and that action occurred.

Resources transmitted before the eligibility requirements are met are reported as advances by the provider and as deferred revenue by recipients.

Assets from imposed nonexchange revenues are recognized when an enforceable legal claim to the assets arise or when the resources are received, whichever occurs first.

**Capitalized Interest:** The College capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. During the fiscal years ended June 30, 2012 and June 30, 2011, none of the interest cost met the criteria for capitalization.

**Reclassifications:** Certain amounts in the prior periods have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net assets.

**Restricted Cash:** The restricted cash on the financial statements represents funds held at June 30, 2012 and June 30, 2011 that are restricted for the following purposes:

	June 30, 2012	June 30, 2011
Federal Perkins Loan	\$ 20,814	\$ 15,158
Debt Service	7,155,743	5,779,704
Total Restricted Cash	\$ <u>7,176,557</u>	\$ <u>5,794,862</u>



FLORENCE - DARLINGTON TECHNICAL COLLEGE  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Component Unit:** Florence-Darlington Technical College Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

*Permanently Restricted Net Assets:* Permanently Restricted Net Assets are subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

*Temporarily Restricted Net Assets:* Temporarily Restricted Net Assets are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

*Unrestricted Undesignated Net Assets:* Unrestricted Undesignated Net Assets are not subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

*Unrestricted Designated Net Assets:* Unrestricted Designated Net Assets are not subject to donor-imposed restrictions but subject to Foundation Board imposed stipulations.

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are not recorded in the Foundation's financial records, but are accounted for and acknowledged separately.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value based upon quoted market prices.

**NOTE 2—DEPOSITS AND INVESTMENTS**

**Deposits:** State Law requires that a bank or saving and loan association receiving State funds must secure deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss.

**Custodial Credit Risk:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the college will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The college does not have a deposit policy

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 2—DEPOSITS AND INVESTMENTS (continued)**

for custodial credit risk. The bank balance of deposits for the College at June 30, 2012 were \$16,557,507 and were fully insured or collateralized by securities held in the college's name.

Temporary cash investments are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risks of changes in value because of changes in interest rates. State law authorizes the College to invest in obligations of the U.S. Government and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

The following schedule reconciles deposits, investments, and petty cash funds to the Statement of Net Assets amounts:

**Primary Government:**

<u>Cash and Investments</u>	Deposits Not With State Treasurer	Petty Cash	Totals
Petty Cash	\$ 0	\$ 33,650	\$ 33,650
Demand Deposits	15,307,012	0	15,307,012
	<u>\$ 15,307,012</u>	<u>\$ 33,650</u>	<u>\$ 15,340,662</u>

**Statement of Net Assets**

	2012	2011
Cash and Cash Equivalents (current)	\$ 8,164,105	\$ 9,684,060
Restricted Cash and Cash Equivalents (noncurrent)	7,176,557	5,794,862
Total Cash and Investments (On the Statement of Net Assets)	<u>\$ 15,340,662</u>	<u>\$ 15,478,922</u>

**Disclosure of Deposits and Investments**

	2012	2011
Carrying Value of Deposits and Investments	\$ 15,307,012	\$ 15,445,272
Cash on Hand	33,650	33,650
Total Cash, Deposits, and Investments	<u>\$ 15,340,662</u>	<u>\$ 15,478,922</u>



FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 2-DEPOSITS AND INVESTMENTS (continued)**

**Foreign Currency Risk:** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Florence-Darlington Technical College does not maintain deposits that are denominated in a currency other than the United States dollar, therefore, the College is not exposed to this risk.

**Interest Rate Risk:** Interest rate risk is the risk that changes in the interest rates of debt instruments will adversely affect the fair value of an investment. Currently, the college is not exposed to interest rate risk. The College does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:** Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The college does not have an investment policy regarding credit risk. The college does not currently have investments that are exposed to credit risk.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a governments investment in a single issuer. The College places no limits on the amount the College may invest in any one issuer. Currently, the College has no investments which are exposed to concentration of credit risk.

**Discretely Presented**

**Component Unit:**

<u>Cash and Investments</u>	Deposits Not With State Treasurer	Totals
Demand Deposits	\$ 710,596	\$ 710,596
	<u>\$ 710,596</u>	<u>\$ 710,596</u>

**Deposits:** The carrying amount of the Organization's deposits with financial institutions at June 30, 2012 was \$710,596 and the bank balance was \$710,596. The bank balance was secured as follows:

Cash in bank, June 30, 2012	\$ 710,596
Less: FDIC insured amount	<u>660,969</u>
Uninsured cash (Custodial Credit Risk)	<u>\$ 49,627</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 2—DEPOSITS AND INVESTMENTS (continued)**

Investments at market value as of June 30, 2012 are summarized as follows (Investment Maturities in years):

<u>Investment Type</u>	<u>Fair Value Amount</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
<u>Debt Securities</u>					
Fixed Income	\$ 483,240	\$ 0	\$ 0	\$ 0	\$ 483,240
Money Market Mutual Funds	<u>8,372</u>	<u>8,372</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Securities	\$ <u>491,612</u>	\$ <u>8,372</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>483,240</u>
<u>Other Investments</u>					
Real Estate Investment Trust	\$ 195,454	\$ 0	\$ 0	\$ 0	\$ 195,454
Mutual Funds	<u>935,923</u>	<u>0</u>	<u>0</u>	<u>935,923</u>	<u>0</u>
Total Other Investments	\$ <u>1,131,377</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>935,923</u>	\$ <u>195,454</u>
Total Investments	\$ <u><u>1,622,989</u></u>	\$ <u><u>8,372</u></u>	\$ <u><u>0</u></u>	\$ <u><u>935,923</u></u>	\$ <u><u>678,694</u></u>

Florence-Darlington Technical College Foundation does not follow standards set by the Governmental Accounting Standards Board and accordingly has not disclosed interest rate risk, credit risk, and concentration of credit risk.

**NOTE 3—ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2012 and June 30, 2011, including applicable allowances for doubtful accounts, are summarized as follows:

Current Receivables:	2012	2011
Student Accounts	\$ 1,662,163	\$ 1,258,891
Industry and Other Sponsor Accounts	299,951	254,645
County Governments	663,896	92,028
Foundation	52,320	71,002
Federal Grants and Contracts	3,049,116	1,137,730
State Grants and Contracts	600,402	1,252,658
Other	<u>897,484</u>	<u>859,813</u>
Gross Receivables	\$ 7,225,332	\$ 4,926,767
Less: Allowance for Doubtful Accounts	(1,053,984)	(685,221)
Net Accounts Receivable	\$ <u><u>6,171,348</u></u>	\$ <u><u>4,241,546</u></u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA  
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JUNE 30, 2012

**NOTE 3—ACCOUNTS RECEIVABLE (continued)**

Allowances for losses of student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2012, the allowance for uncollectible student accounts is valued at \$1,053,984 and at June 30, 2011, the allowance for uncollectible student accounts is valued at \$685,221.

**NOTE 4—LOANS RECEIVABLE**

Student loans made through the Federal Perkins Loan Program and Nursing Student Loan Program comprise substantially all of the loans receivable as of June 30, 2012 and as of June 30, 2011. The Perkins Loan Program provides various repayment options; students have the right to repay the loans over periods of up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise. The remaining payments are classified as long-term loans receivable. As the College determines that Perkins loans are uncollectible, the loans are written off and assigned to the US Department of Education. The loans receivable as of June 30, 2012 and June 30, 2011 are summarized below:

	<u>2012</u>	<u>2011</u>
Perkins Loans	\$ 425,477	\$ 445,020
Nursing Loans	<u>12,617</u>	<u>13,640</u>
Gross Loans Receivable	\$ 438,094	\$ 458,660
Less: Allowance for Doubtful Accounts	<u>(25,247)</u>	<u>(25,247)</u>
Net Loans Receivable	<u>\$ 412,847</u>	<u>\$ 433,413</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
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**NOTE 5-CAPITAL ASSETS**

**Primary Government:**

	Beginning Balance July 1, 2011	Increases	Decreases	Ending Balance June 30, 2012
Capital Assets not being Depreciated:				
Land	\$ 1,910,053	\$ 0	\$ 0	\$ 1,910,053
Construction in Progress	231,303	3,788,479	0	4,019,782
Total Capital Assets not being Depreciated	\$ 2,141,356	\$ 3,788,479	\$ 0	\$ 5,929,835
Other Capital Assets:				
Buildings and Improvements	\$ 59,503,901	\$ 0	\$ 0	\$ 59,503,901
Machinery, Equipment, and Other	12,469,083	1,281,111	256,593	13,493,601
Vehicles	256,702	31,461	6,517	281,646
Total Other Capital Assets at Historical Cost	\$ 72,229,686	\$ 1,312,572	\$ 263,110	\$ 73,279,148
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ (17,187,987)	\$ (1,595,987)	\$ 0	\$ (18,783,974)
Machinery, Equipment, and Other	(10,971,997)	(1,155,551)	256,593	(11,870,955)
Vehicles	(254,094)	(5,816)	6,517	(253,393)
Total Accumulated Depreciation	\$ (28,414,078)	\$ (2,757,354)	\$ 263,110	\$ (30,908,322)
Other Capital Assets, Net	\$ 43,815,608	\$ (1,444,782)	\$ 0	\$ 42,370,826
Total Capital Assets, Net	\$ 45,956,964	\$ 2,343,697	\$ 0	\$ 48,300,661
State Inventory listing Movable Equipment				\$ 13,775,247
Total Equipment per Books				13,775,247
Difference is Disposals not recorded on State Inventory				\$ 0

Total depreciation expense for the years ended June 30, 2012 and June 30, 2011 was \$2,757,354 and \$2,732,143, respectively.

The increase in Machinery, Equipment and Other includes assets valued at \$775,018 which were acquired with a Capital Lease agreement.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5-CAPITAL ASSETS (continued)**

<b><u>Florence-Darlington Technical College Foundation:</u></b>	Beginning Balance July 1, 2011	Increases	Decreases	Ending Balance June 30, 2012
Capital Asset not being Depreciated:				
Land and Easements	\$ 453,064	\$ 0	\$ 0	\$ 453,064
Total Capital Assets not being Depreciated	\$ 453,064	\$ 0	\$ 0	\$ 453,064
Other Capital Assets:				
Building and Improvements	\$ 1,632,997	\$ 0	\$ 0	\$ 1,632,997
Furniture and Fixtures	272,073	0	0	272,073
Total Other Capital Assets	\$ 1,905,070	\$ 0	\$ 0	\$ 1,905,070
Less Accumulated Depreciation for:				
Building and Improvements	\$ (272,846)	\$ (40,930)	\$ 0	\$ (313,776)
Furniture and Fixtures	(104,243)	(25,770)	0	(130,013)
Total Accumulated Depreciation	\$ (377,089)	\$ (66,700)	\$ 0	\$ (443,789)
Other Capital Assets, Net	\$ 1,527,981	\$ (66,700)	\$ 0	\$ 1,461,281
Total Capital Assets, Net	\$ 1,981,045	\$ (66,700)	\$ 0	\$ 1,914,345

Total depreciation expense for the years ended June 30, 2012 and June 30, 2011 was \$66,700 and \$68,138, respectively.

**NOTE 6 - PLEDGES RECEIVABLE**

The composition of Discretely Presented Component Unit Pledges Receivable at June 30, 2012 is summarized as follows:

Pledges receivable due in less than one year	\$ 60,900
Pledges receivable due from one to five years	86,800
Less: allowance for uncollectible pledges	(36,925)
Less: present value discount	(5,974)
Net Pledges Receivable	<u>\$ 104,801</u>

Pledges for permanent endowments do not meet the eligibility requirements, as defined by SFAS 116, until the related gift is received. Because of uncertainties with regard to their realizability and valuation, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met. Foundation management has established the allowance for uncollectible pledges at June 30, 2012 based on evaluations of the outstanding pledges. The discount rate used to determine the fair value of pledges receivable was 4.045 percent. This receivable is restricted for use with the Southeastern Institute for Manufacturing and Industry.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
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**NOTE 7—PENSION PLANS**

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to Financial Services, South Carolina Retirement Systems, P.O. Box 11960, Columbia, South Carolina 29211. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

*South Carolina Retirement System*

The majority of employees of the College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

On July 1, 2006, the required employee contribution increased to 6.50 percent. Effective July 1, 2011, the employer contribution rate became 13.835 percent which included a 4.30 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2012, 2011, and 2010, were \$1,380,320, \$1,377,161 and \$1,385,224, respectively, and equaled the required contributions (excluding the surcharge) for each year. Also, the College paid employer group-life insurance contributions of \$22,062 in the current fiscal year at the rate of .15 percent of compensation.

*Deferred Compensation Plans*

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

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**NOTE 7—PENSION PLANS (continued)**

*Optional Retirement Program*

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.385 percent plus the retiree surcharge of 4.30 percent from the employer in fiscal year 2012. A direct remittance is required from the employers to the investment providers for the employee contribution (6.50 percent) and a portion of the employer contribution (5 percent). Also, a direct remittance is required to SCRS for a portion of the employer contribution (8.685 percent), which must be retained by SCRS.

Employees are eligible for group-life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for postretirement group-life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$113,165 (excluding the surcharge) from Florence-Darlington Technical College as employer and \$78,377 from its employees as plan members. In addition, the College paid to the SCRS employer group-life insurance contributions of \$1,809 in the current fiscal year at the rate of .15 percent of compensation.

*Teacher and Employee Retention Incentive*

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2005, employees who choose to participate in the TERI Program will be required to make SCRS contributions. Due to the South Carolina Supreme Court decision in *Layman et al v. South Carolina Retirement System and the State of South Carolina*, employees who chose to participate in the TERI Program, prior to July 1, 2005 will not be required to make SCRS contributions.

**NOTE 8—POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS**

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the College are eligible to receive these benefits. The State provides postemployment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who met one or more of the eligibility requirements, such as age, length of service and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for these



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**NOTE 8—POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)**

State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

These benefits are provided through annual appropriations by the General Assembly to the College for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the College for its active employees who are not funded by State General appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis.

The College recorded benefit expenses for these insurance benefits for active employees in the amount of \$1,172,270 for the year ended June 30, 2012. As discussed in Note 7, the College paid \$684,282 applicable to the 4.30 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Office of Insurance Services for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to the College's retirees is not available. By State law, the College has no liability for retirement benefits. Accordingly the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from the Systems' earnings; however a portion of the required amount is appropriated from the State General Fund annually for the SCRS benefits.

**NOTE 9—CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS**

The College is party to various lawsuits arising out of the normal conduct of its operations including a lawsuit in connection with a student death on College premises. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Necessary funding has been obtained for the acquisition, construction, renovation, and equipping of certain facilities, which will be capitalized in the applicable capital asset categories upon completion. At June 30, 2012, the College had \$114,547 remaining commitment balances with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Other capital projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities.

The College anticipates funding these projects out of current resources. The State has issued capital improvement bonds to fund improvements and expansion of State facilities. The College is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have



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**NOTE 9-CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS (continued)**

given approval to begin specific projects and project expenditures have been incurred. The College has expended all authorized State Capital Improvement Bonds available to draw at June 30, 2012.

**NOTE 10-LEASE OBLIGATIONS**

**Operating**

Operating lease payments during the fiscal year ended June 30, 2012, totaled \$102,623 to discretely presented component units. The College rents 26 copiers that meet the definition of contingent rentals. During the fiscal year ending June 30, 2012 the College expended \$85,401 to external parties for these contingent rentals which are based upon the copier machine usage.

**Capital**

Capital lease payments during the fiscal year ended June 30, 2012 totaled \$267,424 which included \$2,083 of interest to an external party. Equipment acquired under this capital lease was valued at \$775,018 and the accumulated depreciation was \$236,811. The College has no future capital lease payment requirements.

Year Ending June 30,	Operating Leases with Discretely Presented Component Units	Capital Leases with External Parties
2013	\$ 102,623	\$ 267,424
2014	102,623	267,424
2015	102,623	0
2016	102,623	0
Total minimum payments	\$ 410,492	\$ 534,848
Less interest	0	25,171
Net present value	<u>\$ 410,492</u>	<u>\$ 509,677</u>

**NOTE 11-BONDS PAYABLE**

Bonds Payable consisted of the following at June 30, 2012:

Revenue Bonds	Interest Rate	Maturity Date	Balance
Series 2005A	3.00% to 5.00%	03/01/30	\$ 19,480,000
Total Bonds Payable			<u>\$ 19,480,000</u>

Revenue Bonds are payable from and secured by a pledge of net revenues derived by the College from the fees charged by the College to fund capital additions. Revenue Bonds are additionally secured by all available funds and academic fees at the College which are not (1) otherwise designated or restricted; (2) funds derived from appropriations; and (3) tuition funds pledged to the repayment of state institution bonds.

The College has secured insurance contracts for revenue bonds which guarantee payment of principal and interest, in the case such required payment has not been made, for a period equal to the final maturity of the bonds. Certain of the bonds payable are callable at the option of the College.

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**NOTE 11-BONDS PAYABLE (continued)**

The scheduled maturities of the bonds payable are as follows:

Revenue Bond			Total
Series 2005A	Principal	Interest	Payable
2013	\$ 715,000	\$ 917,644	\$ 1,632,644
2014	745,000	889,044	1,634,044
2015	770,000	862,038	1,632,038
2016	800,000	832,200	1,632,200
2017	840,000	793,200	1,633,200
2018-2022	4,890,000	3,290,750	8,180,750
2023-2027	6,230,000	1,941,000	8,171,000
2028-2030	4,490,000	410,175	4,900,175
	<u>\$ 19,480,000</u>	<u>\$ 9,936,051</u>	<u>\$ 29,416,051</u>

**NOTE 12-LONG-TERM LIABILITIES**

Primary Government:	June 30, 2011	Additions	Reductions	June 30, 2012	Due in One Year
Bonds Payable:					
Revenue Bond Payable	\$ 20,170,000	\$ 0	\$ 690,000	\$ 19,480,000	\$ 715,000
Plus Unamortized Premium	511,637	0	27,409	484,228	0
Total Bonds Payable	20,681,637	0	717,409	19,964,228	715,000
Capital Lease	0	775,018	265,341	509,677	250,740
Accrued Compensated Absences	1,377,707	1,383,841	1,377,707	1,383,841	72,077
TOTAL	<u>\$ 22,059,344</u>	<u>\$ 2,158,859</u>	<u>\$ 2,360,457</u>	<u>\$ 21,857,746</u>	<u>\$ 1,037,817</u>

**Discretely Presented Component  
Unit:**

	June 30, 2011	Additions	Reductions	June 30, 2012	Due in One Year
Notes Payable	\$ 1,905,924	\$ 0	\$ 41,071	\$ 1,864,853	\$ 41,243
Total Notes Payable	<u>\$ 1,905,924</u>	<u>\$ 0</u>	<u>\$ 41,071</u>	<u>\$ 1,864,853</u>	<u>\$ 41,243</u>

The following is a schedule of minimum aggregate principal payments on the long-term debt:

2013	\$ 43,418
2014	45,708
2015	48,118
2016	50,655
2017	53,326
After 2017	1,623,628
Total	<u>\$ 1,864,853</u>

The note is paid monthly at annual amortized principal amounts plus interest installments at 5.14%. The interest portion of annual payments is unavailable.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
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**NOTE 13 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND  
TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS**

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational program. Financial statements for these entities are audited by independent auditors retained by them or prepared by accountants retained by them. They include the Florence-Darlington Technical College Educational Foundation, Inc. and SCATE, Inc. Following is a more detailed discussion of these two entities and a summary of significant transactions between them and the College for the year ended June 30, 2012.

***SCATE, Inc.***

Management reviewed its relationship with SCATE, Inc. under the existing guidance of GASB Statement No. 14, as amended by GASB 39. The College excluded this organization from the reporting entity because it is not financially accountable for it, and SCATE Inc.'s assets are not significant to the College's overall assets.

SCATE, Inc. is a separately chartered corporation organized exclusively for educational purposes for the support of the SCATE Center of Excellence located at Florence-Darlington Technical College. The College's statements include contractual payments of \$220,301 to SCATE, Inc. during the fiscal year. SCATE, Inc.'s assets as of June 30, 2012 were \$408,187. At June 30, 2012 there were no payables due to SCATE, Inc. and no receivables due from SCATE, Inc.

***The Florence-Darlington Technical College Foundation, Inc.***

Management reviewed its relationship with the Foundation under the existing guidance of GASB Statement No. 14, as amended by GASB 39. Because of the nature and the significance of its relationship with the College, the Foundation is considered a component unit of the College.

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the College. The Foundation's activities are governed by its Board of Directors.

The College recorded non-governmental gifts receipts of \$194,267 from the Foundation in non-operating revenues for the fiscal year ending June 30, 2012. These funds were used to support College programs such as scholarships.

The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides office space, administrative and support services to the Foundation. The value of this office space and these services was approximately \$37,853 for the year ended June 30, 2012.

The Foundation's assets as of June 30, 2012 were \$4,372,153.

Amounts due from the Foundation as of June 30, 2012 totaled \$52,320, of which, \$20,535 was for operating expense reimbursements and the remaining \$31,785 was for summer scholarships. The Foundation has not recognized the scholarship payable portion on their financial statements.

**NOTE 14–RISK MANAGEMENT**

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

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**NOTE 14-RISK MANAGEMENT (continued)**

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and group-life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters
- Medical malpractice claims against the Infirmary

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

**NOTE 15-AGENCY FUNDS**

The agency fund accounts for Stafford Loan flow through transactions and Student Activity Funds. The Student Activity Fund is used to account for assets held by the College as an agent for others, such as student organizations. These organizations exist with the explicit approval of and are subject to revocation by the College. Student Activity Funds are custodial in nature (assets equal liabilities). The following is a summary of the changes in the Student Activity Fund and Student Loan Funds:

	June 30, 2011			June 30, 2012
	Balance	Receipts	Disbursements	Balance
Student Loans	\$ 0	\$ 17,152,692	\$ 17,152,692	\$ 0
Student Activity	\$ 127,126	\$ 235,069	\$ 196,958	\$ 165,237

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**NOTE 16-STATE APPROPRIATIONS**

State funds for operations for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the general fund of the state unless the Board receives authorization from the General Assembly to carry the fund over to the next year.

The following is a detail schedule of State appropriations revenue reported in the financial statements for the fiscal years ended June 30, 2012 and June 30, 2011:

<u>NON-CAPITAL APPROPRIATIONS</u>	<u>2012</u>	<u>2011</u>
Current Year's Appropriations		
Appropriations per State Board Allocation	\$ 5,571,499	\$ 5,415,493
Entrepreneurial Operations	1,209,088	1,209,088
Lottery Technology Funds	146,389	0
Nurse Faculty Salary Supplemental Funds	22,374	22,374
Pathways to Prosperity	37,784	37,784
ReadySC Operations	89,739	24,076
Total Non-capital Appropriations recorded as current year revenue	<u>\$ 7,076,873</u>	<u>\$ 6,708,815</u>
 <u>CAPITAL APPROPRIATIONS</u>	 <u>2012</u>	 <u>2011</u>
Current Year's Appropriations		
State Deferred Maintenance Funds	\$ 155,987	\$ 0
Total Capital Appropriations recorded as current year revenue	<u>\$ 155,987</u>	<u>\$ 0</u>

**NOTE 17-REQUIRED INFORMATION ON BUSINESS TYPE ENTITIES**

	<u>2012</u>	<u>2011</u>	<u>DIFFERENCE</u>
Charges for Services	\$ 20,326,357	\$ 20,503,268	\$ (176,911)
Operating Grants and Contributions	28,824,927	30,173,807	(1,348,880)
Capital Grants and Contributions	1,435,687	0	1,435,687
Less: Expenses	(53,364,942)	(53,941,727)	576,785
Net Program Revenue (Expense)	(2,777,971)	(3,264,652)	486,681
Transfers:			
State Appropriations	7,076,873	6,708,815	368,058
State Capital Appropriations	155,987	0	155,987
Agencies/Funds	(132,219)	(101,880)	(30,339)
Total General Revenue and Transfers	7,100,641	6,606,935	493,706
Change in Net Assets	4,322,670	3,342,283	980,387
Net Assets - Beginning of Year	41,193,138	37,850,855	3,342,283
Net Assets - End of Year	<u>\$ 45,515,808</u>	<u>\$ 41,193,138</u>	<u>\$ 4,322,670</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
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**NOTE 18—OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the years ended June 30, 2012 and June 30, 2011 are summarized as follows:

June 30, 2012

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	\$ 9,167,448	\$ 2,538,309	\$ 0	\$ 0	\$ 2,095,856	\$ 0	\$ 13,801,613
Academic Support	3,216,108	691,275	0	0	1,898,729	0	5,806,112
Student Services	1,987,928	536,597	0	0	1,345,611	0	3,870,136
Operation and Maintenance of Plant	736,116	212,234	0	1,343,675	2,032,799	0	4,324,824
Institutional Support	3,017,907	873,203	0	0	2,830,236	0	6,721,346
Scholarships	0	0	11,284,308	0	0	0	11,284,308
Auxiliary Enterprises	192,218	55,064	0	10,357	3,588,189	0	3,845,828
Depreciation	0	0	0	0	0	2,757,354	2,757,354
Total Operating Expenses	<u>\$ 18,317,725</u>	<u>\$ 4,906,682</u>	<u>\$ 11,284,308</u>	<u>\$ 1,354,032</u>	<u>\$ 13,791,420</u>	<u>\$ 2,757,354</u>	<u>\$ 52,411,521</u>

June 30, 2011

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	\$ 8,848,540	\$ 2,382,502	\$ 0	\$ 0	\$ 3,055,318	\$ 0	\$ 14,286,360
Academic Support	3,429,501	699,885	0	0	2,092,551	0	6,221,937
Student Services	2,187,828	571,109	0	0	1,321,833	0	4,080,770
Operation and Maintenance of Plant	668,960	196,589	0	1,309,176	2,907,503	0	5,082,228
Institutional Support	2,966,697	836,521	0	0	1,418,269	0	5,221,487
Scholarships	0	0	11,901,223	0	0	0	11,901,223
Auxiliary Enterprises	178,529	52,511	0	6,118	3,210,912	0	3,448,070
Depreciation	0	0	0	0	0	2,732,143	2,732,143
Total Operating Expenses	<u>\$ 18,280,055</u>	<u>\$ 4,739,117</u>	<u>\$ 11,901,223</u>	<u>\$ 1,315,294</u>	<u>\$ 14,006,386</u>	<u>\$ 2,732,143</u>	<u>\$ 52,974,218</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
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**NOTE 19 - PURCHASES WITH OTHER SC HIGHER EDUCATION INSTITUTIONS**

The College received goods and/or services from other South Carolina higher education institutions for a fee during the fiscal year ending June 30, 2012, as listed below:

<u>Institution:</u>	<u>Amount:</u>
Research Institution:	
Clemson University	\$ 24,383
Teaching Institution:	
Francis Marion University	3,754
Technical Colleges:	
Central Carolina Technical College	48,405
Greenville Technical College	107,053
Midlands Technical College	2,993
Northeastern Technical College	293,531
Orangeburg-Calhoun Technical College	55,346
Piedmont Technical College	31,215
Williamsburg Technical College	54,939
York Technical College	<u>18,975</u>
Total	<u>\$ 640,594</u>

**NOTE 20 - TRANSACTIONS WITH OTHER AGENCIES**

The College had significant transactions with the State of South Carolina and various agencies.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General.

Other services received at no cost from the various offices of the State Budget and Control Budget include pension plan administration, insurance plans administration, audit services, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

**NOTE 21 - ACCOUNTS PAYABLE**

Accounts payable as of June 30, 2012 and June 30, 2011 are summarized as follows:

Payables:	<u>2012</u>	<u>2011</u>
Accounts Payable	\$ 445,432	\$ 699,800
Accounts Payable from Federal Grants	186,180	93,152
Accounts Payable from State Grants	<u>85,699</u>	<u>427,006</u>
Total Accounts Payable	<u>\$ 717,311</u>	<u>\$1,219,958</u>



FLORENCE - DARLINGTON TECHNICAL COLLEGE  
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**NOTE 22 - STATE FISCAL STABILIZATION FUNDS (ARRA FUNDS)**

The College incurred expenditures of \$2,173,344 during fiscal year 2012 under American Recovery and Reinvestment Act (ARRA) funding. These funds were awarded to the College via pass-through funding from the U.S. Department of Education (State Fiscal Stabilization Funds), U.S. Department of Labor (Workforce Investment Act), and the U.S. Department of Health and Human Services (Office of the National Coordinator for Health Information Technology). ARRA funds were expended primarily for building, classroom and lab renovation. In addition, ARRA funds provided WIA scholarships and student support.

The schedules below list the individual funds and expenses and the expenses by functional classification :

Fund	June 30, 2012	June 30, 2011
ARRA National Guard Distance Learning	\$ 13,800	\$ 0
ARRA SC Department of Social Services		
Childcare	20,000	0
ARRA Broadband Technology	33,457	139,609
ARRA Quickjobs - Youth	0	66,549
ARRA Quickjobs - Adult	0	55,616
ARRA Quickjobs - Dislocated Worker	0	70,976
ARRA Healthcare Sector and other		
High Growth Emerging Industries	1,184,846	2,080,103
AARP Energy Grant	0	11,719
ARRA Smoke Free Florence	10,000	0
ARRA Stabilization Funds	499,875	1,772,895
ARRA Health Information Technology	411,366	324,592
Total expenditures incurred during the year	<u>\$ 2,173,344</u>	<u>\$ 4,522,059</u>

Please note that all expenses included in the schedules are presented in Note 18.

Fund	Salaries	Benefits	Scholarships	Supplies Services	Total
Instruction	\$ 25,368	\$ 10,900	\$ 0	\$ 82,533	\$ 118,801
Academic Support	224,631	46,440	0	598,192	869,263
Student Services	262,783	50,259	0	273,052	586,094
Indirect cost	34,047	7,483	0	42,437	83,967
Scholarships	0	0	515,219	0	515,219
Total Expenses	<u>\$ 546,829</u>	<u>\$ 115,082</u>	<u>\$ 515,219</u>	<u>\$ 996,214</u>	<u>\$ 2,173,344</u>



## **SINGLE AUDIT ACT REQUIREMENTS**

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Project Number	Federal CFDA Number	Expenditures
U.S. Department of Education			
Direct Programs			
TRIO Cluster			
TRIO - Upward Bound	P047A080802	84.047	\$ 305,725
TRIO - Student Support Services	P042A051280	84.042	215,630
Total - Trio Cluster			\$ 521,355
Student Financial Aid Cluster			
Federal Work Study	P033A113782	84.033	\$ 191,743
SEOG	P007A073782	84.007	100
SEOG	P007A063782	84.007	214,675
PELL	P063P102478	84.063	18,664,648
Federal Stafford Loans Direct Loans	P268K112478	84.268	17,089,923
Federal Stafford Loans Third Party Lenders	None	84.0322	62,769
Federal Perkins Loan Program	None	84.038	446,291
Total - Student Financial Aid Cluster			\$ 36,670,149
Title III	PO31A091039	84.031A	\$ 337,948
FIPSE Textbook	P116T100008	84.116T	369,339
Gear Up	P334SO500009-10	84.334S	69,618
CCAMPIS	P355A1000003	84.335A	50,358
RISE	P382A110026	84.382A	118,267
Total U.S. Department of Education Direct Programs			\$ 38,137,034
Pass Through State Dept. of Education			
Perkins IV	11VA406	84.048	\$ 325,137
Total Pass Through State Dept. of ED.			\$ 325,137
Pass Through S.C. Technical College Board			
ARRA Stabilization	S394A090052	84.394	\$ 499,875
Total Pass Through SC Technical College Board			499,875
Total U.S. Department of Education			\$ 38,962,046
U.S. Department of Defense			
Pass Through SC Office Adjutant General			
National Guard Distance Learning - ARRA	None	12.401	\$ 13,800
Total U.S. Department of Defense			\$ 13,800

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Project Number	Federal CFDA Number	Expenditures
National Science Foundation			
Direct Programs			
ATE - Advancing Faculty Development & Program Improvement	1003733	47.076	\$ 276,105
ATE - Expanding Excellence in Technical Education	602710	47.076	104,121
ATE - Technical Assistance Mentoring	602710	47.076	6,655
ATE - Pellet Productions	1003733	47.076	54,180
ATE - Scholarships in Science, Technology, Engineering and Math	806514	47.076	108,013
Total National Science Foundation Direct Programs			\$ 549,074
Pass Through Clemson University			
National Science Foundation	1326-7557-206-2097346	47.076	\$ 23,781
Total Pass Through Clemson University			\$ 23,781
Total National Science Foundation			\$ 572,855
United States Department of Health and Human Services			
Pass Through Circle Park Behavioral Health Services			
Smoke Free Florence - ARRA	1U58/DP00260001	93.724	\$ 10,000
Pass Through Pitt Community College			
Health Information Technology - ARRA	90CC0078/01	93.721	411,366
Total Pass Through Pitt Community College			\$ 411,366
Pass Through SC Technical College System			
Childcare and Development - ARRA	None	93.713	\$ 20,000
Total Pass Through SC Technical College System			\$ 20,000
Pass Through Greenville Technical College			
Teach Early Childhood	None	93.575	\$ 704
Total Pass Through Greenville Technical College			\$ 704
Total United States Department of Health & Human Services			\$ 442,070

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Project Number	Federal CFDA Number	Expenditures
Nuclear Regulatory Commission			
Direct Programs			
Power Up Construction	NRC-38-09-898	77.006	\$ 12,100
High - Tech Online	NRC-HQ-12-g-38-0051	77.006	2,610
Professional Pipe Welders	NRC-38-10-902	77.008	11,932
Value Technician	NRC-38-10-961	77.006	57,658
Total Nuclear Regulatory Commission			\$ 84,300
Small Business Administration			
Pass Through Winthrop College			
Small Business	None	59.037	\$ 7,887
Total Small Business Administration			\$ 7,887
U.S. Department of Labor			
Direct Programs			
Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors			
ARRA Health Care Sector	GJ20073AC0	17.275	\$ 1,184,846
ASSIST	TC-22521-11-60-A-45	17.282	958,328
Total U.S. Department of Labor Direct Programs			\$ 2,143,174
U.S. Department of Commerce			
Direct Programs			
EDA Capital Project	04.01.05590	11.300	\$ 1,435,687
Total Direct Programs			\$ 1,435,687
Pass Through SC Technical Collage Board			
Broadband Technology-ARRA	None	11.557	\$ 33,457
Total Pass Through SC Technical College Board			\$ 33,457
Total U.S. Department of Commerce			\$ 1,469,144
Total Federal Programs			\$ 43,695,276

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Florence - Darlington Technical College and is presented on the accrual basis, the same basis of accounting used to prepare the basic financial statements as described in Note 1 to the financial statements.

The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the basic financial statements (or reported in the federal financial reports).

2. FEDERAL NON-CASH ASSISTANCE

Florence - Darlington Technical College did not receive or expend federal awards in the form of non-cash assistance and had no federal loan guarantees at June 30, 2012.

3. DETERMINATION OF MAJOR PROGRAMS

Major federal programs were determined in accordance with OMB Circular A-133. For the year ended June 30, 2012, the following programs were determined to be major programs in accordance with OMB Circular A-133: Student Financial Aid Cluster, ARRA - Stabilization, ARRA - Health Care Sector, Trio Cluster, EDA, FIPSE, ASSIST, and ARRA-Health Care Technology. Since the Student Financial Aid Cluster included U.S. Department of Education, the direct loan program, it was deemed to be a large loan program for single audit major program determination.

4. FEDERAL LOAN PROGRAMS

The College has students who have been approved for Federal Family Education Loan Program's loans which were received by those students during the current year. The College is not the lender of the loans; it only processes them for the lender the student chooses. The total loans received and accounted for in an agency fund were as follows: Direct Loans - \$17,089,923, and Third Party Stafford Loans - \$62,769. These loans have been recorded on the schedule of expenditures of federal awards; however, the responsibility for administration and collection passes to the U.S. Department of Education or other lending agencies after the loans are disbursed.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

4. FEDERAL LOAN PROGRAMS (continued)

The College also administers the following campus - based federal loan programs:

	<u>CFDA Number</u>	<u>Outstanding Balance</u>
Perkins Student Loans	84.038	\$ 425,477
Perkins Revolving Loan Fund		<u>20,814</u>
Total Federal Perkins Loan		<u>\$ 446,291</u>

5. RECONCILIATION OF REVENUE TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Total per Expenditures of Federal Awards	<u>\$43,695,276</u>
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Total Federal Revenue:

Federal Operating Grants	\$ 2,173,470
Federal Non-operating Grants	22,487,136
Federal Capital Grants	<u>1,435,687</u>
	<u>\$26,096,293</u>

Total Loans:

Perkins Student Loans and Loan Fund	\$ 446,291
Federal Direct Loans	17,089,923
Federal Stafford Third Party Loans	<u>62,769</u>
	<u>\$17,598,983</u>



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Florence - Darlington County Commission for Technical Education  
Florence - Darlington Technical College  
Florence, South Carolina

We have audited the basic financial statements of Florence - Darlington Technical College, as of and for the year ended June 30, 2012, and have issued our report thereon dated September 28, 2012. We did not audit the financial statements of Florence - Darlington Technical College Foundation, Inc. which represents 100 percent of the discretely presented component unit presented in the financial statements. The financial statements of Florence - Darlington Technical College Foundation were not audited in accordance with *Government Auditing Standards*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Florence - Darlington Technical College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that were reported to management of Florence - Darlington Technical College in a separate letter dated September 28, 2012.

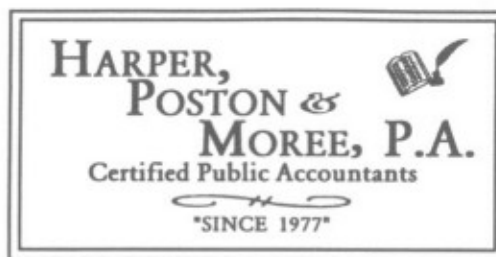
This report is intended solely for the information and use of the Area Commission, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Harper, Poston & Moree, P.A.*

Harper, Poston & Moree, P.A.  
Certified Public Accountants

Georgetown, South Carolina  
September 28, 2012





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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Florence - Darlington County Commission for Technical Education  
Florence - Darlington Technical College  
Florence, South Carolina

Compliance

We have audited the compliance of Florence - Darlington Technical College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Florence - Darlington Technical College's major federal programs for the year ended June 30, 2012. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Florence - Darlington Technical College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Florence - Darlington Technical College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Florence - Darlington Technical College's compliance with those requirements.

In our opinion, Florence - Darlington Technical College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

#### Internal Control Over Compliance

The management of Florence - Darlington Technical College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Area Commission, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Harper, Poston & Moree, P.A.*

Harper, Poston & Moree, P.A.  
Certified Public Accountants

Georgetown, South Carolina  
September 28, 2012

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

A. SUMMARY OF THE AUDITOR'S RESULTS

1. The independent auditor's report on the financial statements expressed an unqualified opinion.
2. There were no significant deficiencies or material weaknesses in internal control over financial reporting disclosed in the auditor's report on internal control over financial reporting and on compliance and other matters based on an audit performed in accordance with *Government Auditing Standards*.
3. The audit disclosed no material noncompliance matters in relation to the financial statements.
4. There were no significant deficiencies or material weaknesses in internal control over compliance applicable to major programs reported in the auditor's report on compliance and internal control over compliance with major federal award programs.
5. The report on compliance for major programs expressed an unqualified opinion.
6. The audit disclosed no audit findings that are required to be reported in accordance with Circular A-133, Section .510(a).
7. The major programs of Florence - Darlington Technical College included in the audit were:

<u>Program</u>	<u>CFDA Number</u>
Student Financial Aid Cluster	
Federal Workstudy	84.033
SEOG	84.007
Pell	84.063
Federal Stafford Loans -	
Direct Loan	84.268
Federal Perkins Loans	84.038
ARRA- Stabilization	84.394
ARRA - Health Care Sector	17.275
Trio Cluster	
Upward Bound	84.047
Student Support Services	84.042
FIPSE	84.116T
Health Information Technology-ARRA	93.721
EDA Capital Grant	11.300
ASSIST	17.282

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

8. The dollar threshold for Type A programs for Florence - Darlington Technical College was \$300,000. It was determined that the student financial aid cluster which included the national direct subsidized and unsubsidized loans should be excluded from the determination and audited as a major program.

9. Florence - Darlington Technical College qualified as a low-risk auditee.

B. FINDINGS IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS

1. No matters were reported.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. No matters were reported.

FLORENCE - DARLINGTON TECHNICAL COLLEGE  
FLORENCE, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

Prior Year Findings - Major Federal Award Programs

No matters were reported.